Closure of Kulti Works of IISCO

*83. SHRI GAYA SINGH:†
SHRI J. CHITHARANJAN:

Will the Minister of STEEL be pleased to state:

(a) whether Government are considering a proposal to close down Kulti works, a unit of IISCO at Burnpur and privatise the iron ore mines, as a part of revival scheme of IISCO.

(B) if so, the details thereof;

(c) whether it is a fact that the Central Trade Union Organisation (CTUO) has requested Government to reconsider the proposal and the BIFR to give a hearing to the unions, before finalising any revival scheme; and

(d) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI BRAJ KISHORE TRIPATHY): (a) and (b) Govenmnet have approved a revival package for IISCO which *inter-alia* includes a grant for financing a Voluntary Retirement Scheme (VRS) in Kulti Works, which is to be closed down. There is no proposal to privatise the iron ore mines of IISCO.

(c) and (d) This Ministry has received some representations against closure of Kulti Works with the request to take measures for revival of the unit.

As part of the approval granted for the revival of IISCO, Government have decided to close down Kulti Works of IISCO.

श्री गया सिंह: सभापति महोदय, मैं आपके माध्यम से मंत्री जी से यह जानना चाहता हूं कि जो इन्होंने उत्तर दिया है कि तीस साल पहले बर्नपुर इस्को को भारत सरकार ने टेकओवर किया था और यह वायदा किया था कि हम इसको जल्दी माडर्नाइज करेंगे और इसको ठीक-ठाक करेंगे। तीस साल बाद मंत्री जी आप कह रहे हैं कि इस्को बर्नपुर को तो रिवाइव करेंगे लेकिन जो उसका पार्ट कुल्टी है, उसको बंद करेंगे। मैं मंत्री जी से जानना चाहता हूं कि तीस साल के अंदर कुल्टी को माडर्नाइज करने के लिए कितना पैसा लगाया गया? दो साल, पहले तक कुल्टी इस्को का एक छोटा वर्कशाप था। दो साल पहले तक स्टील प्लांट बोकारो से लेकर दुर्गापुर तक वह स्पेयर पार्ट दे रहा था तो आज अचानक क्या हो गया है? आप बर्नपुर को रिवाईव करने की बात कर रहे हैं और

†The question was actually asked on the floor of the House by Shri Gaya Singh.

उसका जो पार्ट है कुल्टी, जिसकी काफी लैंड है, काफी उसकी इस्टेब्लिशमेंट है, कोई भी प्राइवेट में लेकर काफी धन कमा सकता है। इसलिए मैं आपसे जानना चाहता हूं कि तीस साल में उसके माडर्नाइजेशन में कितना पैसा लगाया? दो साल पहले तक वह अपना प्रोफिट, अपना खर्चा निकाल रहा था, अचानक बंद करने की कौन सी जल्दबाजी आपको हो गई, यह हम जानना चाहते हैं?

श्री ब्रिज किशोर त्रिपाठी: सभापति महोदय, गवर्नमेंट ने कुल्टी को बंद करने का जो डिसीजन लिया है वह इसलिए लिया है क्योंकि कुल्टी के रिवाइवल की पोसिबिलिटी नहीं है। बर्नपुर की है। कुल्टी को फाइनेंस करने से भी उसका रिवाइवल नहीं हो सकता है। टैक्नीकल कमेटी की जो रिपोर्ट आई है सेल ने जो रिकमेंडेशन दिया है, उसको देखते हुए ही गवर्नमेंट द्वारा यह डिसीजन लिया गया है कि कुल्टी को बंद किया जाएगा और बर्नपुर का रिवाइवल किया जाएगा। The main reasons why Kulti cannot be turned round are these. The installation of a ductile iron pipe plant is unlikely to yield adequate returns,in view of the current market scenario. Presently, there is a substaintial over-capacity of DI pipes in the market. There is competition from substitute products like PVC and concrete pipes, and it is eroding, the demand and profitability of CI spun pipes. There is diminishing market for ingots moulds and bottom-plates because of introduction of continuous casting in SAIL plants. So, these are the reasons why Kulti Works cannot be made viable.

Sir, Burnpur Works and Kulti Works have been sustaining losses from the year 1974. So, for the last more than 25 years, these companies are sustaining losses. It was referred to the BIFR in 1994, when the Congress Government was in power. After that, two-three Governments came to power at the Centre. Sir, the hon. Member's party was also a partner in the Deve Gowdajis Government. But no Government took any decision about it. The hon. Member should think this Government, that under the leadership of Shri Vajpayeeji, we have taken the decision for the revival of IISCO. Whatever steps we took for joint-venture it could not fructify because no such scheme was possible. Nobody was coming forward to invest in IISCO and Kulti. Therefore, this Government has taken a conscious decision to close down Kulti and to invest money in Burnpur for its revivel.

श्री गया सिंह: सभापति जी, मैंने जो सवाल किया था इन्होंने इसका जवाब नहीं दिया है। मैंने पूछा था कि तीस साल के अन्दर कितना पैसा उसके मॉडर्नाजेशन के लिए रिवाइवल के लिए था जो दिया नहीं गया है। शायद उन्हें इसकी जानकारी नहीं है। मेरा दूसरा सवाल यह है, चूंकि आपने

कहा है कि हम और आप देवगौड़ा सरकार में साथ थे, मैं मंत्री जी से दूसरा सप्लीमेंट्री सवाल यह करना चाहता हूं। आज यह कहते है कि मार्किट नहीं है। इन्होंने जो दो-तीन आइटम्स की बात की है कि पहले दूसरे स्टील प्लांट ले रहे थे, यह फैक्ट है कि कंटीन्यूअ कास्टिंग से बोकारो और दूसरे प्लांट नहीं ले रहे हैं लेकिन आपके माध्यम से पूरे हाऊस को बताना चाहता हूं कि ये आज के दिन एक हजार करोड़ रुपए के विदेशों से स्पेयर पार्ट्स मंगा रहे हैं। बोकारो, भिलाई, सारे पब्लिक सैक्टर के लिए एक हजार करोड़ रुपए के स्पेयर पार्ट्स विदेश से इम्पोर्ट कर रहे हैं। कुल्टी छोटा है, इसके मॉडर्नाइजेशन में सौ करोड़ रुपए भी नहीं लगेंगे जिससे बोकारो, दुर्गापुर, भिलाई को न केवल सस्ते स्पेयर पार्ट्स मिलेंगे बल्कि दूसरे पार्ट्स भी बनाएंगे जबकि ये विदेशों से दूसरे स्पेयर पार्ट्स ले रहे हैं। मैं आपसे यह जानना चाहता हूं कि आप इन्हें बन्द करने से पहले क्या एक बार अपने लेबल पर तमाम सैंट्रल यूनियन्स से बातचीत करके इसके रिवाइवल, मॉडर्नाइजेशन की कोई संभावना खोजने का एश्योरेंस दे सकते हैं?

श्री ब्रिज किशोर त्रिपाठी: सभापति महोदय, मैंने माननीय सदस्य को बताया है, कुल्टी के रिवाइवल की मॉडर्नाइजेशन के बाद भी पोसिबिलिटी नहीं है। ओवर कैपिसिटी प्रोडक्शन देश में पाइप प्रोडक्शन की ओवर कैपिसिटी है। स्पन पाइप का अभी जो प्रोडक्शन हो रहा है although the plant is in West Bengal, the West Bengal Government, is not procuring it, to a sufficient extent. I have requested the Chief Minister of West Bengal, in this regard. I have personally met him. The stock is still available, but there are no takers. What will we do with the production, if there are no takers? Even if we invest money, we cannot revive it. It will sustain further losses. The argument of the Government is this. If some part of the body is spoiled, then we should not allow the whole body to be spoiled. ...*(Interruptions)*... I think, some private parties are interested in the plant I hope, the private parties will come forward. We look forward to such proposal, because the Government has taken a decision to close down Kulti.

MR. CHAIRMAN: Shri J. Chittharanjan, not here. Shri Pranab Mukherjee.

SHRI PRANAB MUKHERJEE: Sir, the reply of the hon. Minister is a reflection of how tardy and half-hearted are the measures the Government is taking in regard to the revival of IISCO. I don't know whether the hon. Minister is aware of the fact that not once, but twice when the BIFR threatened to pass an order for winding up of the ogranisation all the Members of Parliament belonging to West Bengal, had to call on the Prime Minister to make a representation to him to intervene effectively in the

matter. We had met him not once but twice, when there was a threat of closure by the BIFR.

Therefore, it is not correct to say, as the hon. Minister has tried to convey an impression, that the Government was serious about the revival of IISCO. In the course of discussions the Steel Ministry officers were also present. It was never pointed out to the delegation that the closure of Kulti Works would be a part of the revival package of IISCO. it was never a contention on the part of the Ministry of Steel. Therefore, It is not correct to presume that it is absolutely necessary to close down the Kulti Works. Everybody knows this is being debated for the last three-four years that this spun pipe, which the Kulti Works manufactures has lost its market. But the new technology, which will be required to change the product-mix, is readily available, and the cost of that technology is not that much which the Government can't afford. It is less than Rs. 50 crores.

Therefore, if you invest Rs. 50 crores to introduce this technology and have a new product-mix, for which there is a market in this country and even in the neighbouring countries, the Kulti Works could continue to be run. In your anxiety to close down the unit, you have never taken into account the replacement cost. The real estate, township and other facilities which are readily available over there, would remain utilized if you simply close it down.

Therefore, my specific question to you is: Which expert committee had suggested, in which revival package it has been suggested, that the closure of Kulti Works is essential to make the IISCO revival plan viable? Secondly, how much money you will have to spend on the voluntary retirement scheme to close the Kulti Works? What would be the requirement to introduce the new technology to have a changed product-mix in Kulti Works? What is the difference? Please let me know.

SHRI BRAJ KISHORE TRIPATHY: Sir, I have already said. I have never said that the Government has ever said that there is no technology available. What I have said is that, now the Kulti Works produces spun pipes. It shall have to switch over to ductile iron pipes, where there is a surplus. As far as ductile iron pipes are concerned, the production in the country is more than the requirement. So, if we invest money in the Kulti Works to switch over to the production of ductile iron pipes, there will be no market. As I said, there is a surplus in this. You also know the international steel scenario. The hon. learned Member also knows all

these things. At this moment, the steel scenario is such that we can't invest more money in the steel sector. That is the position. There is an over-production and an over-capacity. That is why the Government of India has not considered it wise to invest money in the Kulti Works. If the private sector comes forward, then we have no objection.

So far as the financial package is concerned... *(Interruptions)...*

SHRI PRANAB MUKHERJEE: Mr. Minister, would you please tell me in which revival package it has been recommended that the closure of Kulti Works is essential to make the IISCO revival plan viable? Would you please tell me in which revival package it has been recommended? There are two-three revival packages, so far as the IISCO is concerned. Is it in the MECON revival package or any other revival package? In which revival package it has been indicated that as part of the revival mechanism, the closure of Kulti Works is essential?

SHRI BRAJ KISHORE TRIPATHY: Sir, the SAIL has furnished a report based on the recommendations of MECON. The SAIL has said that revival of the Kulti unit is not possible. It is a subsidiary of SAIL and the Government approved this in accordance with the recommendation of SAIL.

[**The Deputy Chairman** in the Chair]

SHRI JIBON ROY: I do not wish to quarrel with him. Whatever the Cabinet has given to him, he has to accept it. The point is, the technology upgradation is a continuous process. You refuse to upgrade the technology and then say that it has to be closed down. Pranabda has raised a very pertinent question as to how much money is required for technology upgradaton of the Kulti unit and how much amount you have sanctioned for the VRS. The hon. Minister has not answered that question. Had the technology been upgraded, it would not have been necessary to close it down. But, at the same time,we wish to know what kind of revival package for IISCO it is. So far as I know, the cost of the total package is Rs.880 crores, out of which Rs. 550 crores will go for voluntary retirement and Rs. 330 crores will go for technology upgradation. This Rs. 550 crores ...*(Interruption)...*

THE DEPUTY CHAIRMAN: Are you making a speech or putting a question ...*(Interruptions)...*

SHRI JIBON ROY: Madam, I am putting a question ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: Please put your question.

SHRI JIBON ROY: You have allotted Rs. 550 crores for the VRS. Had this amount been given for technology upgradation then both would have been revived. Anyhow, you are throwing out those people who will in any case retire in two or three years ....*(Interruptions)*... Therefore, it is not a revival package at all. It is like giving some oxygen for the time being. Therefore, I would like to know whether the Government instead of giving Rs. 550 crores for the VRS will give this money for technology upgradation ...*(Interruptions)*...

THE DEPUTY CHAIRMAN : Mr. Minister, please answer. ...*(Interruptions)*...

SHRI BRAJ KISHORE TRIPATHY: Madam, I have said that this is a package of the Government. At the same time, the Government is also looking for a joint venture. We have not closed the doors for a joint venture.The Government, in spite of this package, is also looking for a joint venture and efforts in this regard are still continuing. In fact, the hon. Prime Minister, during his visit to Russia had personally taken up this matter at the highest level in the Government of Russia to allow TPE for investment in IISCO. So, the Government is quite serious with regard to IISCO, Burnpur ...*(Interruptions)*... I have said that this is a package which has been approved by the Government ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: Let him finish ...*(Interruptions)*... Mr. Jibon Roy, please sit down. ...*(Interruptions)*... It will not go on record...*(Interruptions)*... Let him answer.

SHRI BRAJ KISHORE TRIPATHY: Madam, I have already apprised the hon. Member that this is a package of the Government. At the same time, the Government is still looking for a joint venture. The doors have not been closed for a joint venture. So, the possibility is still there for a joint venture and for further investment in IISCO which will help in modernisation and further investment. This is our package. If the hon. Members are interested, I can read out ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: I cannot ask you again and again. ...*(Interruptions)*... This is Question Hour. You put your question. ...*(Interruptions)*...

SHRI JIBON ROY: He should not mislead the House, ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: If he is misleading the House, then you can go to the Privileges Committee. ...*(Interruptions)*...

SHRI BRAJ KISHORE TRIPATHY: I am not misleading the House. I am giving you the correct position with regard to this package of the Government ...*(Interruptions)*... The amount required for financing the VRS in respect of Kulti Works will be provided as grants, while the amount required for financing the VRS for Burnpur Works, Mines and Collieries will be met by raising loans from banks against Government guarantee. The amount of Rs. 341 crores required for capital investment at Burnpur Works, Mines and Collieries will be raised by IISCO through loans for banks against Government guarantee and the amount of interest in excess of seven per cent per annum will be subsidised by the Government. The SDF loan to the extent of Rs. 44.68 crores and the JPC dues of Rs. 18.49 crores will be waived extinguishing all outstandings towards the SDF and the JPC. This is subject to the approval of the Government of West Bengal conveying its full and final approval to provide a waiver of past dues and exemption from the payment of Sales Tax without any monetary ceiling electricity duty, royalty, cess and other municipal tax for five years. So, this is the package that the Government has declared for revival ...*(Interruptions)*...

SHRI JIBON ROY: Not a single pie has been given so far ...*(Interruptions)*...

SHRI NARENDRA MOHAN: Madam, it is a very, very important question. And, unfortunately, I feel, the hon. Minister has not tried to reply. Let me read the question. The question says, "Whether the Government are considering a proposal to close down Kulti works.... '— that may be different story—' ...a unit of IISCO at Burnpur and privatise the iron or mines..." I request the hon. Minister to tell us whether he is really going to privatise the iron ore mines. If 'yes', to whom is he going to sell, are there any proposals and what has he done in this respect? Madam, the hon. Minister has said in his reply that there is a slump in the international markets so far as iron ore is concerned. Okay. Why is there a slump? The question is, you are going to revive the IISCO. In future, after the revival, will IISCO be able to complete in the international market? What is going

to be its cost of production? How are you going to survive? It should not be like this: you have revived it, but, after a couple of years, it may again go sick. What is the exact position? Madam, the hon. Minister is not coming out with a reply.

उपसभापति: अब उन्हें जवाब देने दीजिए। आप ने कई सवाल एक साथ कर लिए।

SHRI BRAJ KISHORE TRIPATHY: I had already stated in my reply that there is no question of privatising the mines. I have already clarified this point. With regard to the details pertaining to its revival, I would like to submit that the cash profit envisaged in this package is like this. In the third year *i.e.*, in 2004-2005 there would be a cash profit.

SHRI NARENDRA MOHAN: Madam, my question is very simple which he should reply. What is going to be your cost of production? At what price are you going to sell your product? You have said that there is a slump in the international market. Did you not say this, Mr. Minister? When there is a slump in the international market, how are you going to handle the situation with this revival? That is my basic query.

THE DEPUTY CHAIRMAN: All right. Let him answer.

SHRI BRAJ KISHORE TRIPATHY: Madam, while preparing the Report, they had taken into consideration the market scenario and the market price. It is clearly mentioned in the Report that there would be a cash-profit in the thrid year *i.e.*, 2004-2005.

SHRI NARENDRA MOHAN: Madam, reply is not coming out. My supplementary is this. After the revival, what is going to be the cost of production? There is everything in the revival package. So, I would like to know from the hon. Minister that after the revival package is finalised, what is going to be your cost of production. You please inform the House.

THE DEPUTY CHAIRMAN: It is a simple question. When you prepare a plan for revival...

SHRI BRAJ KISHORE TRIPATHY: It is a part of the recommendation. I can give the details to the hon. Members as to what is the calculation, what is the market price and what is the cost of production ...(Interruptions)... Right now, the details are not available with me ...(Interruptions)... He must understand this ...(Interruptions)...

THE DEPUTY CHAIRMAN: He is not having the details ...*(Interruptions)*...

SHRI BRAJ KISHORE TRIPATHY: The details of the cost of production, what would be the price at that time, what the present price is and other details, I can calculate and supply to the hon. Member afterwards. The Government of India has accepted this recommendation. Through this package, it is envisaged that there would be a cash profit in the third year *i.e.*, 2004-2005, and there would be a net profit in the fourth year.

THE DEPUTY CHAIRMAN: Mr. Minister, it is a very simple question. When you make any package for revival of a company, which is running in loss, you plan how much you are going to spend on development, improvement, modernisation, etc. After putting all these things together, when your product comes out, would that product compete at the international market? This is the simple question he has put. They have complicated it. Hence, it does not reach you.

SHRI BRAJ KISHORE TRIPATHY: Yes, Madam, it will be competitive and profitable.

THE DEPUTY CHAIRMAN: But how? that's what he wants to know.

SHRI BRAJ KISHORE TRIPATHY: The Expert committee has recommended it. How can I say? I am not ...*(Interruptions)*...

SHRI NARENDRA MOHAN: What is going to be the cost of production? *(Interruptions)* What is your cost of production in the revival plan? ...(*Interruptions*)...

THE DEPUTY CHAIRMAN: The main question is, when the company is running in loss and you what to revive it, how are you going to improve it? So, when you do these improvements and your cost of production is more, it would again become sick. So, your primary responsibility is to see to it that the cost of production is favourable. You have to think whether it is going to be cheaper or costly.

SHRI BRAJ KISHORE TRIPATHY: It will be cheaper. 9000 employees would be given VRS. So, the money that we are now spending on the salaries and allowances of the employees would be reduced. *(Interruptions)* We are making a capital investment of Rs. 341 crores. It will help to increase the production and productivity. It will also help in

increasing profits. So, based on all these calculations, it has been envisaged that with this money ...*(interruptions)*...

SHRI NARENDRA MOHAN: Madam, exact answer is not coming at all. *(Interruptions)*... It is very unfortunate. ...*(Interruptions)*... It is very unfortunate. ...*(Interruptions)*... Answer is not coming at all. ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: It is a very important question.

SHRI BRAJ KISHORE TRIPATHY: Madam, the Government is investing Rs. 540 crores on the VRS. The capital investment is Rs. 341 crores. So, the total comes to Rs. 881 crores. Rs. 200 crores is envisaged to be loss in this period. So, the entire package is of Rs. 1081 crores. ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: There are so many names. Let me finish it. Let me go properly. ...*(Interruptions)*...

SHRI BRAJ KISHORE TRIPATHY: Madam, the Government, in 1999-2000, had also waived off a loan to help this company. ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: Don't disturb. Narendera Mohanji,

SHRI BRAJ KISHORE TRIPATHY: Rs. 1,946 crores had been waived off by the Government in 1999-2000. ...*(Interruptions)*... So, with all this investment, I hope ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: Shri Santosh Bagrodia.

SHRI SANTOSH BAGRODIA: Madam Deputy Chairperson, according to the rehabilitation plan, the loans and interests from financial institutions amounted to Rs. 71.9 crores. There were waiver of steel development fund to the extent of Rs. 44.7 crores and waiver of accumulated loss of Rs. 652 crores. They add up to Rs. 902 crores. It means rehabilitation fund of Rs. 390 crores is really a small amount. He says that is already willing to spend Rs. 340 crores. So, it is only a question of Rs. 50 crores more. Unfortunately, Madam, he is not updated, which is very true, because he—in his own statement—has said, "I am not interested, when House is not interested, as to when the report was prepared." The House is interested to know what position is today. For your information, today the world steelmarket, including the Indian market,

is up by 8—10 per cent. The whole Kulti plant will become viable, particularly after the VRS. Why don't you reconsider the whole thing? What are you doing? He has mentioned about joint venture. What efforts are you making for joint venture? On the one hand, you are saying that you are closing down, on the other hand you are saying that you are trying for a joint venture. Have you taken one single step for asking for a joint venture from anywhere in the world? If not, will you, at least, do it now?

SHRI BRAJ KISHORE TRIPATHY: Madam, so many efforts have been made for joint venture. Three parties had shown interest for joint venture. Only the TPE of Russia was left after 4-5 years' exercise. So, nobody can say that there have been no efforts from the Government side or the SAIL side or the IISCO side. In spite of all these things, I have already told, hon. Prime Minister—during his visit to Russia—had personally made a proposal with the highest level authority of Russia to help TPE to do investment in IISCO. So, the Government is quite serious for a joint venture. But nobody is coming forward. We cannot keep on waiting. So, this is the package—with the recommendation of SAIL—that has been accepted. But the Government is still looking for a joint venture. ...*(Interruptions)*... But the Government is still looking forward for joint ventures. ...*(Interruptions)*...

SHRI SANTOSH BAGRODIA: †He is your Governor. *(Interruptions)* He wanted to take over IISCO. *(Interruptions)*. Why don't you...

THE DEPUTY CHAIRMAN: Don't bring the Governor into it. *(Interruptions)* Don't bring his name. It will not go on record. *(Interruptions)* He might have been a businessman or an industrialist before, but now he is the Governor. So, please, don't bring his name. (*Interruptions*) I have got so many names here, but I don't think any answers are coming, so, I move on to the next question.

Accountability of NCERT

*84. SHRI EDUARDO FALEIRO: Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

(a) whether NCERT is accountable to the Central Government only; and

†Not recorded.